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From: Zito, Kelly
Sent: Thur 10/8/2015 6:10:24 PM
Subject: FW: DOC Issues Oil and Gas Renewal Plan

From: Schilling, Teresa@DOC [mailto:Teresa.Schilling@conservation.ca.gov]
Sent: Thursday, October 08, 2015 11:10 AM
To: PAO@DOC <PAO@conservation.ca.gov>
Subject: DOC Issues Oil and Gas Renewal Plan

There will be a teleconference with DOC Director David Bunn, State Oil & Gas Supervisor Steven Bohlen, and State Water Resources Control Board Chief Deputy Jonathan Bishop at 1 p.m. The number is **Ex. 2** / Participant Passcode: **Ex. 2**.

DEPARTMENT OF CONSERVATION CONTINUES STRENGTHENING OIL AND GAS ENFORCEMENT

SACRAMENTO – Building on the ongoing effort to strengthen and improve the state’s oversight of oil and gas production, the California Department of Conservation today released a Renewal Plan to overhaul its regulatory program and continue refocusing on the guiding principles of environmental protection and public health.

“The Renewal Plan is an ongoing, four-year effort to correct past problems and to create a regulatory program that ensures public health and the environment are protected while we produce oil in California,” said David

Bunn, who in June was appointed as Director of the Department of Conservation (DOC).

The Renewal plan builds on major reforms already underway at the Department. In March 2015, the DOC joined with U.S. Environmental Protection Agency and State Water Resources Control Board to ensure the state's underground injection control program fully complies with the federal Safe Drinking Water Act. The DOC also issued emergency regulations to bolster the oversight of underground injection control and move toward more robust regulations. A comprehensive investigation of the injection wells is also underway, starting with those identified as a potential risk to possible sources of drinking water. The Department has issued "shut-in" orders for 23 wells and is testing to continue verifying there is no contamination of groundwater near those sites.

Key elements of the Renewal Plan released today include:

- ◆ Completing a review of aquifer exemptions under the Safe Drinking Water Act and performing a project-by-project review while ensuring that any approval letters clearly outline conditions of the permit.
- ◆ Developing and updating regulations for hydraulic fracturing and underground injection control that are more heavily science-based and reflect ongoing technological developments.
- ◆ Establishing a standard practice for record-keeping and workforce training to boost transparency and ensure consistent practices locally and statewide.
- ◆ Building a publicly accessible online database of decades of paper records and a system for modern data collection and retrieval going forward.
- ◆ Meeting aggressive deadlines for new regulations, public input and well evaluations.

Many of these necessary management and organizational changes are underway. The DOC is designing a new online data management system to improve reporting compliance and ease data analysis. The Department also reorganized the Division of Oil, Gas, and Geothermal Resources'

(DOGGR) organizational and field structure to more consistently regulate oil and gas activities, with safety and environmental health as top priorities.

State Oil and Gas Supervisor Steve Bohlen affirmed his commitment to reforming and improving DOGGR in an August 20, 2015 message to employees. “I see the Division growing to become a modern, efficient, collaborative, more science-driven agency that intelligently and consistently regulates state oil and gas activities,” Bohlen wrote.

The Renewal Plan, along with the ongoing reform efforts, also will help fix various regulatory problems identified in a report submitted to the Legislature today under Senate Bill 855 (2010) that directed the Department to report on DOGGR’s enforcement and permitting of underground injection control. Underground injection control is a process used to increase oil production and to safely dispose of salty and fresh water brought to the surface with oil and natural gas. The Division’s assessment focuses on the Cypress District office (Los Angeles), which allowed for careful evaluation of the effects of oil and gas production near urban areas. Some of the findings included:

- ◆ Insufficient regulations governing permitting and enforcement — many of them written decades ago.
- ◆ Inadequate staffing and data management exacerbated by inconsistent file and data entry training.
- ◆ Poorly organized or retained paper records, including inadequate project approval letters.
- ◆ Inconsistent permitting, monitoring and enforcement of well construction and operation.
- ◆ Evaluations and annual project reviews need to be completed, or conducted more frequently.
- ◆ Methods to ensure that injected fluids are confined to a project area or geologic zone need to be updated, and test results and corrective actions need to be consistently documented.

Said Bunn of today’s report to the Legislature: “We analyze past and present regulation of underground injection and find that the permitting unit

— which was created over 50 years ago — has struggled and sometimes failed to embrace a transparent enforcement process driven by scientific research and best practices. We need change. Our Renewal Plan goes beyond fixing the problems of the past and creates an adaptive, effective program that puts first California’s public safety and environmental health.”

The Renewal Plan and report to the Legislature are available at <http://www.conservation.ca.gov/dog>.

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